

Proposed Amendments to SB295

The following are the amendments proposed by the Department of Revenue at the hearing, and includes the addition of commercial property as raised at the hearing (see item #5).

1. That page 2, lines 24-25 be amended to make clear that the "annual appeal right" is limited to one-time per valuation cycle...that people can file an AB26 in any year of the cycle, but only once over the course of the cycle.
 - a. **Page 2, line 25, following "annually", insert "but only once each valuation cycle"**
2. That property taxpayers have the option to waive the mailing of the information to them as many inquiries are solved just with a conversation...and that the distribution of the material allow both posted mail as well as electronic "email."
 - a. **Page 2, line 29, following "objector", insert "by posted mail or email, unless the citizen waives the information"**
3. That the effective date be moved to July 1, 2012 to be sure department is ready to successfully implement this bill after clearing the current appeal workload.
 - a. **Page 6, line 16, insert "Effective Date: July 1, 2012."**
4. Clarify which of the USPAP standards apply to mass appraisal functions of DOR.
 - a. **Page 4, Line 21, following "following the", insert "appropriate"**
 - b. **Page 4, Line 21, following "practice", insert "for mass appraisal"**
5. Include the appeals process for commercial class four property as well.
 - a. **Page 2, Line 29, following "residential", insert "and commercial"**

6. That the disclosure of real estate sales prices be added to this bill, which is about taxpayer appeal rights, and the DOR experience is that the lack of public knowledge about what is going on in the real estate market is the single most significant problem to the appeals process in property tax administration.

a. **Page 6, Line 16, Insert "Section 1. Section 15-7-308, MCA, is amended to read:**

"15-7-308. Disclosure of information restricted -- exceptions. (1) Except as provided in subsection (2), the certificate required by this part and the information contained in the certificate is not a public record and must be held confidential by the county clerk and recorder and the department. This is because the legislature finds that the demands of individual privacy outweigh the merits of public disclosure. The confidentiality provisions do not apply to compilations from the certificates or to summaries, analyses, and evaluations based upon the compilations.

(2) The confidentiality provisions of this section do not apply to:

(a) the information contained in the water right ownership update form or any other form prepared and filed with the department of natural resources and conservation pursuant to 85-2-424 for purposes of maintaining a system of centralized water right records as mandated by Article IX, section 3(4), of the Montana constitution. A person may access water right transfer information through the department of natural resources and conservation pursuant to the department's implementation of the requirements of 85-2-112(3).

(b) the property address, the legal property description, and the actual sale price listed on the realty transfer certificate for class four residential and commercial property as described in 15-6-134(1)(e) and (1)(f) and (g)."

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(2) The confidentiality provisions of this section do not apply to:

(a) the information contained in the water right ownership update form or any other form prepared and filed with the department of natural resources and conservation pursuant to 85-2-424 for purposes of maintaining a system of centralized water right records as mandated by Article IX, section 3(4), of the Montana constitution. A person may access water right transfer information through the department of natural resources and conservation pursuant to the department's implementation of the requirements of 85-2-112(3).

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2011 Montana Legislature

[Additional Bill Links](#) [PDF \(with line numbers\)](#)

SENATE BILL NO. 295

INTRODUCED BY B. LAKE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MANNER OF APPRAISING CERTAIN PROPERTIES FOR PROPERTY TAX PURPOSES; ALLOWING ANNUAL INFORMAL REVIEWS OF CLASSIFICATION AND APPRAISAL FOR AGRICULTURAL, RESIDENTIAL AND COMMERCIAL, AND FOREST PROPERTY; REQUIRING CERTAIN INFORMATION BE PROVIDED TO AN OBJECTOR FOR USE IN INFORMAL REVIEWS; PROHIBITING AN INCREASE IN THE VALUE OF PROPERTY THROUGH AN INFORMAL REVIEW EXCEPT DUE TO A PHYSICAL CHANGE IN A PROPERTY OR A MISTAKE IN A PROPERTY DESCRIPTION; REQUIRING THE USE OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE; AND AMENDING SECTIONS 15-7-102 AND 15-8-111, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-7-102, MCA, is amended to read:

"15-7-102. Notice of classification and appraisal to owners -- appeals. (1) (a) Except as provided in 15-7-138, the department shall mail to each owner or purchaser under contract for deed a notice of the classification of the land owned or being purchased and the appraisal of the improvements on the land only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

- (i) change in ownership;
- (ii) change in classification;
- (iii) except as provided in subsection (1)(b), change in valuation; or
- (iv) addition or subtraction of personal property affixed to the land.

(b) After the first year, the department is not required to mail the notice provided for in subsection (1)(a)(iii) if the change in valuation is the result of an annual incremental change in valuation caused by the phasing in of a reappraisal under 15-7-111 or the application of the exemptions under 15-6-222 or caused by an incremental change in the tax rate.

(c) The notice must include the following for the taxpayer's informational purposes:

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the property tax assistance program under 15-6-134, the extended property tax assistance program under 15-6-193, the disabled or deceased veterans' residence exemption under 15-6-211, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341;

(ii) the total amount of mills levied against the property in the prior year; and

(iii) a statement that the notice is not a tax bill.

(d) Any misinformation provided in the information required by subsection (1)(c) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a standardized form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(c) The department is not required to mail the notice of classification and appraisal to a new owner or purchaser under contract for deed unless the department has received the transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection (2)(a) are mailed. The department shall notify the county tax appeal board of the date of the mailing.

(3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an assessment review by submitting an objection in writing to the department, on forms provided by the department for that purpose. For property other than class three property described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days after receiving the notice of classification and appraisal from the department. For class three property described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143, the objection may be made annually but only once each valuation cycle.

(b) For properties valued using sales price as an indication of value, the form must include a provision that the objector agrees to confidentiality requirements for receipt of comparable sales data from information received from realty transfer certificates under 15-7-308. Within 2 weeks of submitting an objection, if the objection relates to residential and commercial property, the department shall provide the objector by posted mail or email, unless the citizen waives the information, with:

- (i) data from comparable sales used by the department to value the property;
- (ii) the methodology and sources of data used by the department in the valuation of the property; and
- (iii) if the department uses a blend of evaluations developed from various sources, the reasons that the methodology was used.

(c) The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give reasonable notice to the taxpayer of the time and place of the review.

(d) After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination. The department may not determine an appraised value that is higher than the value that was the subject of the objection unless the reason for an increase was the result of a physical change in the property or caused by an error in the description of the property that is kept by the department and used for calculating the appraised value. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

(4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an appraisal or classification upon the taxpayer's objection unless:

- (a) the taxpayer has submitted an objection in writing; and
- (b) the department has stated its reason in writing for making the adjustment.

(5) A taxpayer's written objection to a classification or appraisal and the department's notification to the taxpayer of its determination and the reason for that determination are public records. The department shall make the records available for inspection during regular office hours.

(6) If any property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the

county tax appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board must be filed within 30 days after notice of the department's determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider the actual selling price of the property, independent appraisals of the property, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

Section 2. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2) (a) Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

(b) If the department uses construction cost as one approximation of market value, the department shall fully consider reduction in value caused by depreciation, whether through physical depreciation, functional obsolescence, or economic obsolescence.

(c) If the department uses the capitalization-of-net-income method as one approximation of market value and sufficient, relevant information on comparable sales and construction cost exists, the department shall rely upon the two methods that provide a similar market value as the better indicators of market value.

(d) Except as provided in subsection ~~(3)~~ (4), the market value of special mobile equipment and agricultural tools, implements, and machinery is the average wholesale value shown in national appraisal guides and manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules showing the average wholesale value when a national appraisal guide does not exist.

(3) In valuing class four residential and commercial property described in 15-6-134, the department shall conduct the appraisal following the appropriate uniform standards of professional appraisal practice for mass appraisal promulgated by the appraisal standards board of the appraisal foundation. In valuing the property, the department shall use information available from any source considered reliable.

Comparable properties used for valuation must represent similar properties within an acceptable proximity of the property being valued.

~~(3)~~(4) The department may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property, except:

(a) the wholesale value for agricultural implements and machinery is the average wholesale value category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the department shall use a comparable publication or wholesale value category.

(b) for agricultural implements and machinery not listed in an official guide, the department shall prepare a supplemental manual in which the values reflect the same depreciation as those found in the official guide;

(c) for condominium property, the department shall establish the value as provided in subsection ~~(4)~~
~~(5)~~; and

(d) as otherwise authorized in Titles 15 and 61.

~~(4)~~~~(5)~~ (a) Subject to subsection ~~(4)~~~~(e)~~ ~~(5)~~~~(c)~~, if sufficient, relevant information on comparable sales is available, the department shall use the comparable sales method to appraise residential condominium units. Because the undivided interest in common elements is included in the sales price of the condominium units, the department is not required to separately allocate the value of the common elements to the individual units being valued.

(b) Subject to subsection ~~(4)~~~~(e)~~ ~~(5)~~~~(c)~~, if sufficient, relevant information on income is made available to the department, the department shall use the capitalization-of-net-income method to appraise commercial condominium units. Because the undivided interest in common elements contributes directly to the income-producing capability of the individual units, the department is not required to separately allocate the value of the common elements to the individual units being valued.

(c) If sufficient, relevant information on comparable sales is not available for residential condominium units or if sufficient, relevant information on income is not made available for commercial condominium units, the department shall value condominiums using the construction-cost method. When using the construction-cost method, the department shall determine the value of the entire condominium project and allocate a percentage of the total value to each individual unit. The allocation is equal to the percentage of undivided interest in the common elements for the unit as expressed in the declaration

made pursuant to 70-23-403, regardless of whether the percentage expressed in the declaration conforms to market value.

~~(5)~~(6) For purposes of taxation, assessed value is the same as appraised value.

~~(6)~~(7) The taxable value for all property is the percentage of market or assessed value established for each class of property.

~~(7)~~(8) The assessed value of properties in 15-6-131 through 15-6-134, 15-6-143, and 15-6-145 is as follows:

(a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515, 15-23-516, 15-23-517, or 15-23-518.

(b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(d) Properties in 15-6-134, under class four, are assessed at the applicable percentage of market value minus any portion of market value that is exempt from taxation under 15-6-222.

(e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the land when valued as forest land.

(f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described in 15-23-205.

~~(8)~~(9) Land and the improvements on the land are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town."

Section 3. Section 15-7-308, MCA, is amended to read:

"15-7-308. Disclosure of information restricted -- exceptions. (1) Except as provided in subsection (2), the certificate required by this part and the information contained in the certificate is not a public record and must be held confidential by the county clerk and recorder and the department. This is because the legislature finds that the demands of individual privacy

outweigh the merits of public disclosure. The confidentiality provisions do not apply to compilations from the certificates or to summaries, analyses, and evaluations based upon the compilations.

(2) The confidentiality provisions of this section do not apply to:

(a) the information contained in the water right ownership update form or any other form prepared and filed with the department of natural resources and conservation pursuant to 85-2-424 for purposes of maintaining a system of centralized water right records as mandated by Article IX, section 3(4), of the Montana constitution. A person may access water right transfer information through the department of natural resources and conservation pursuant to the department's implementation of the requirements of 85-2-112(3).

(b) the property address, the legal property description, and the actual sale price listed on the realty transfer certificate for class four residential and commercial property as described in 15-6-134(1)(e) and (1)(f)-(g)."

NEW SECTION. Section 4. Effective Date. [This act] is effective July 1, 2012.

- END -

Senate Taxation Committee

SB295 Information Session

- That the Department of Revenue adopt by administrative rule the specific IAAO standards for Sales Verification that addresses markets where there is a high number of distressed sales (based upon the IAAO section 5.3.4 standards).

1. The department will amend rule 42.20.432 as follows:

PROCEDURE FOR VALIDATING SALES INFORMATION

(1) The department shall compile sales information from RTCs. The department shall review sales evidenced by an RTC to determine whether a sale was a valid, arm's-length transaction. For the purposes of this rule, "valid, arm's-length transaction" means a sale of real estate not affected by unreasonable or unusual personal influence or control, as defined in literature prepared by the international association of assessing officers.

(2) Unless there is convincing evidence to the contrary, the following sales transactions shall be considered non-arm's-length transactions:

- (a) a sale of agricultural or timber land;
- (b) a sale in which the purchaser or seller is the United States of America, a state, a county, a municipality, or an instrumentality, agency, or political subdivision thereof, or a public utility;
- (c) a sale that is recorded to confirm, correct, modify, or supplement a previously recorded instrument;
- (d) a sale pursuant to a court decree;
- (e) a sale pursuant to a merger, consolidation, or reorganization of a corporation, partnership, or other business entity;
- (f) a sale between affiliated corporations or between shareholders and the corporation;
- (g) a sale of a decedent's estate;
- (h) a sale constituting a gift;
- (i) a sale between a husband and wife or a parent and child or other family member with only nominal actual consideration;
- (j) a sale transferring property to the same party or parties;
- (k) a sale of delinquent taxes, sheriff's sale, bankruptcy sale, mortgage foreclosure, or premature liquidation of property;
- (l) a sale made in contemplation of death;
- (m) a sale of tax-exempt property; and
- (n) royalty interest or an assignment of interest.

(3) The department shall consider the following sales in distressed markets in accordance with the International Association of Assessing Officers (IAAO) standards:

(i) sales involving financial institution as seller if:

- (a) the sales comprise more than 20 percent of sales in a specific market area; and
- (b) changes in property characteristics are accounted for in model calibration and ratio studies

(ii) auction sales if:

- (a) the auction was well advertised;
- (b) the auction was well attended;
- (c) the seller had a minimum bid or the right of refusal on all bids; and
- (d) sales are not from absolute auctions that do not have a low bid clause or right of refusal and are advertised as such type of auctions

(iii) short sales if:

- (a) verified; and
- (b) in combination with other foreclosure-related sales they comprise more than 20 percent of sales they may be considered for model calibration and ratio studies; and

(4) the following sales will not be considered in distressed markets:

- (i) vandalized property
- (ii) forced sales resulting from a judicial order, i.e., when the seller is either a sheriff, receiver, or other court officer.

(3)(5) The department may verify sales information by submitting to the parties participating in a sale transaction the sale verification form. Completion of the sales verification form may be accomplished during on-site discussions with the buyer or seller, or through telephone conversation or written correspondence with the buyer or seller, or their representatives. Additionally, the department may secure information from the lending institution involved in the sale for purposes of verifying the terms and conditions of the sale. (History: 15-1-201, MCA; IMP, 15-7-111, MCA; NEW, 1990 MAR p. 596, Eff. 3/30/90; AMD, 1993 MAR p. 3060, Eff. 12/24/93; AMD, 2002 MAR p. 3723, Eff. 12/27/02.)

- Together with the above administrative rule, the legislature amends statute at MCA, 15-7-307 that requires price information reporting on the RTC for foreclosure sales, this ensures that the sales data is available for department to use.

1. DRAFT for this below, 15-7-307.

15-7-307. Certificate -- exceptions. The certificate required by this part applies to all transfers. However, the certificate filed for the following transfers need not disclose the consideration paid or to be paid for the real estate transferred:

- (1) an instrument recorded prior to July 1, 1975;
- (2) the sale of agricultural land when the land is used for agricultural purposes;
- (3) the sale of timberland when the land is used for producing timber;
- (4) a transfer by the United States, this state, or any instrumentality, agency, or subdivision of the United States or this state;
- (5) an instrument that (without added consideration) confirms, corrects, modifies, or supplements a previously recorded instrument;
- (6) a transfer pursuant to a court decree;
- (7) a transfer pursuant to mergers, consolidations, or reorganizations of corporations, partnerships, or other business entities;
- (8) a transfer by a subsidiary corporation to its parent corporation without actual consideration or in sole consideration of the cancellation or surrender of subsidiary stock;
- (9) a transfer of decedents' estates;
- (10) a transfer of a gift;
- (11) a transfer between husband and wife or parent and child with only nominal actual consideration for the transfer;
- (12) an instrument the effect of which is to transfer the property to the same party or parties;
- (13) a sale for delinquent taxes or assessments, sheriff's sale, or sale pursuant to bankruptcy action court order, or mortgage foreclosure;
- (14) a transfer made in contemplation of death.

- Together with the above administrative rule and the amendment to statute, the department will repeal the administrative rule that limits AB26 informal review to just one per six-year cycle.

1. The Department will repeal rule 42.20.172.

EXTENSION OF STATUTORY DEADLINE FOR ASSESSMENT REVIEWS (1) For tax year 2010, the department will accept requests for informal assessment reviews for classes three, four, and ten. The owner of any land and improvements who:

- (a) missed the 2009 assessment notice appeal deadline; and
 - (b) is dissatisfied with the 2009 appraisal or classification of the land or improvements, may request an informal review of the assessment notice by submitting a request for information review form (AB-26) to the local Department of Revenue office in the county in which the property is located, on or before June 30, 2010.
- (2) Adjustments to taxable value will be reflected only in tax year 2010. There will be no adjustments to the taxable value for tax year 2009.
- (3) After June 30, 2010 the department will only accept those AB-26 requests for informal reviews that are filed within 30 days of receipt of an assessment notice. (History: 15-1-201, MCA; IMP, 15-7-102, MCA; NEW, 2010 MAR p. 1212, Eff. 5/14/10.)

Monday, March 07, 2011

USPAP History

In 1986, nine leading professional appraisal organizations in the United States and Canada agreed to form the Ad Hoc Committee on the USPAP. These nine groups were:

- Appraisal Institute of Canada
- American Institute of Real estate Appraisers (AIREA) -- in 1991, AIREA and Society merge together under the new name Appraisal Institute
- American Society of Appraisers
- American Society of Farm Managers and Rural Appraisers
- **International Association of Assessing Officers (IAAO)**
- International Right of Way Association
- National Association of Independent Fee Appraisers
- National Society of Real Estate Appraisers
- Society of Real Estate Appraisers (Society) -- in 1991, the Society and AIREA merge together under the new name Appraisal Institute

In 1987, agreeing upon a generally accepted set of standards, the eight United States committee members adopted those standards and thereafter established the Foundation in 1987 to implement the USPAP. The Appraisal Qualifications Board (AQB) was included in the Foundation structure to develop and promote meaningful criteria by which the competence of appraisers could be measured. The USPAP was adopted by the Appraisal Standards Board (ASB) of the Foundation on January 30, 1989 and is recognized throughout the United States as the generally accepted standards of professional appraisal practice.

The following **USPAP rules** apply to the appraisal work of the Department:

1. Ethics Rule – conduct, management, confidentiality, and record keeping
2. Competency Rule – appraiser must have the knowledge and if not disclose the lack thereof to the client and the steps taken to competently complete the assignment
3. Departure Rule – allows exceptions from sections of USPAP that are classified as specific requirements rather than binding requirements
4. Jurisdictional Exception Rule – if any part of USPAP is contrary to the law or public policy of any jurisdiction, only that part shall be void and no force in that jurisdiction
5. Supplemental Standards Rule – USPAP provides the common basis for all appraisal practice. Supplemental standards applicable to assignments prepared for specific purposes or property types may be issued (i.e., published) by government agencies, government sponsored enterprises, or other entities that establish public policy.

The following are the **USPAP Standards**:

1. Real Property Appraisal, Development
2. Real Property Appraisal, Reporting
3. Appraisal Review, Development and Reporting
4. Real Property Appraisal Consulting, Development
5. Real Property Appraisal Consulting, Reporting
6. **Mass Appraisal Development and Reporting**
7. Personal Property Appraisal, Development
8. Personal Property Appraisal, Reporting
9. Business Appraisal Development
10. Business Appraisal, Reporting

Standard 6 is the only applicable standard to the appraisal work of the Department.



Comparable Sales Report

MONTANAPROD

For Property: 03-1134-36-1-01-03-0000

Comp Sheet Format: Redacted Res Comp Sheet

Market Area: MODEL 1 YELLOWSTONE

Subject	Comp1	Comp2	Comp3	Comp4	Comp5
Total Land Area in Acres	1.01	1.01	1.01	.53	.52
Neighborhood	001.1	001.1	001.1	001.1	001.1
DWELLING INFORMATION					
Year Built / Eff Year	2002/2002	2004/2004	2004/2004	1999/1999	2007/2007
Style	03 - Ranch	03 - Ranch	03 - Ranch	02 - Split Level	03 - Ranch
Story Hgt / Attic	1.0	1.0	1.0	1.0	1.0
Grade / CDU	5+NG	5+NG	5+NG	5+NG	5+NG
Bedrooms / Baths	2/2.0	3/3.0	3/3.0	3/2.5	2/2.0
Heating Type	Central/AC	Central/AC	Central/AC	Central	Central/AC
Total Living Area	1,251	1,276	1,276	1,241	1,172
Bsmt Area / Finished Area	1251.0/0	1237.0/619	1237.0/619	1232.0/672	1172.0/0
Garage Att / Det	672/0	576/0	576/0	432/0	600/0
Porch Open / Enc	59/0	60/0	60/0	0/0	28/0
Deck	130	153	153	36	100
SALE AND VALUE INFORMATION					
Sale Date	9/19/2006	2/6/2008	9/29/2006	12/3/2007	12/18/2007
Sale Price	\$180,000	\$217,900	\$190,000	\$220,000	\$199,550
MRA Estimate	\$221,807	\$217,470	\$217,470	\$204,237	\$195,559
Adj Sale Price	\$207,632	\$222,238	\$194,338	\$237,570	\$225,799
Weighted Estimate	\$216,982				
Comp Sales Value	\$220,300				
Comparability	31	31	38	47	54
Excessive Adj or NC					

County address block

Street address

City, State Zip

OWNER name/mailling address

Street address

City State Zip

MONTANA COMPUTER ASSISTED MASS APPRAISAL REPORT

With Supporting Documentation

Jurisdictional Exception Invoked to USPAP 1992, Standard 6-7 and 6-8

Intended User

State Board of Tax Appeals of the State of Montana

Intended Use

Ad Valorem Valuation Litigation Defense

Docket Number

9999-99999-XX

Geocode

<_PropertyID_>

Quick Ref ID

<_QuickRefID_>

Property Situs

<_SitusAddress_>

Current Property Owner

<_PropertyOwnerName_>

<_AddresseeAddress_>

Effective Date of Valuation

January 1, <_AppealTaxYear_>

Appraised Value Appealed

\$ <_ValInDispute_>

Appraised Value Recommended

\$999,999,999

Prepared By

XXXXXX XXXXXXXX

XXXXXXXXXXXX County Appraiser's Office

99999 XX XXXXXXXXXX

XXXXXXXXXX, KS 99999

(999) 999-9999

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XXXXXXXXXX County Exhibit

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CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above documentation was deposited in the United States Mail, postage prepaid, this _____ day of _____, addressed to:

XXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXX
12345 W 1st St.
P.O. Box 9999
City, State Zip

County Representative

Purpose and Use of the Appraisal

SUBJECT PROPERTY: Geocode 99-9999-99-9-99-99-0000
 Quick Ref # R999999999

PURPOSE: The purpose of this report is to explain the ad valorem valuation of the subject property through the presentation and analysis of relevant market information. The County Appraiser's Office conducted an investigation necessary to form an estimate of the market value of the fee simple interest in the subject property. This report is intended for use only by the State Tax Appeal Board. To fully understand this report and the extent of the data used herein, the reader should refer to relevant county records which include the computer assisted mass appraisal written reports approved by the director of property valuation consisting of the Montana Orion appraisal card; the Montana Orion cost, market, and income models and associated appraisal maps and photographs. Jurisdictional exception to Uniform Standards of Professional Appraisal Practice (USPAP) 1992 Standard 6-7 is invoked pursuant to K.S.A. 79-504.

KANSAS CONSTITUTION:

The Kansas Constitution Article 11, § 1 is the supreme authority for the valuation and assessment of real property for ad valorem tax purposes which states that "[t]he legislature shall provide for a uniform and equal rate of assessment and taxation."

The following statutes define the scope of work and the rules for valuing properties.

K.S.A. 79-102 Words and Phrases. That the terms "real property", "real estate", and "land" when used in this act, except as otherwise specifically provided, shall include not only the land itself, but all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs, and wells, rights and privileges appertaining thereto.

K.S.A. 79-501. Appraisal of real and tangible personal property at fair market value in money; exceptions; rate of assessment. Each parcel of real property shall be appraised at its fair market value in money, the value thereof to be determined by the appraiser from actual view and inspection of the property. The price at which such real property would sell at forced sale may be taken as a criterion of such fair market value in money in the market place of such sale if the appraiser believes such price to be a reasonable factor in arriving at fair market value. The price at which real property would sell at auction may be taken as the criterion of fair market value in money if the appraiser determines such sale to be an arms-length transaction between a willing buyer and seller. In addition, land devoted to agricultural use shall be valued as provided by K.S.A. 79-1476, and amendments thereto. Tangible personal property shall be appraised at its fair market value in money except as provided by K.S.A. 79-1439, and amendments thereto. All such real and tangible personal property shall be assessed at the rate prescribed by K.S.A. 79-1439, and amendments thereto.

K.S.A. 79-503a. Fair market value defined; allowable variance; factors to be considered in determining fair market value; generally accepted appraisal procedures to be utilized. "Fair market value" means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. In the determination of fair market value of any real property which is subject to any special assessment, such value shall not be determined by adding the present value of the special assessment to the sales price. For the purposes of this definition it will be assumed that consummation of a sale occurs as of January 1.

Sales in and of themselves shall not be the sole criteria of fair market value but shall be used in connection with cost, income and other factors including but not by way of exclusion:

- a) The proper classification of lands and improvements;
- b) the size thereof;
- c) the effect of location on value;
- d) depreciation, including physical deterioration or functional, economic or social obsolescence;
- e) cost of reproduction of improvements;
- f) productivity taking into account all restrictions imposed by the state or federal government and local governing bodies, including, but not limited to, restrictions on property rented or leased to low income individuals and families as authorized by section 42 of the federal internal revenue code of 1986, as amended;
- g) earning capacity as indicated by lease price, by capitalization of net income or by absorption or sell-out period;
- h) rental or reasonable rental values or rental values restricted by the state or federal government or local governing bodies, including, but not limited to, restrictions on property rented or leased to low income individuals and families, as authorized by section 42 of the federal internal revenue code of 1986, as amended;
- i) sale value on open market with due allowance to abnormal inflationary factors influencing such values;
- j) restrictions or requirements imposed upon the use of real estate by the state or federal government or local governing bodies, including zoning and planning boards or commissions, and including, but not limited to, restrictions or requirements imposed upon the use of real estate rented or leased to low income individuals and families, as authorized by section 42 of the federal internal revenue code of 1986, as amended; and
- k) comparison with values of other property of known or recognized value. The assessment-sales ratio study shall not be used as an appraisal for appraisal purposes.

The appraisal process utilized in the valuation of all real and tangible personal property for ad valorem tax purposes shall conform to generally accepted appraisal procedures which are adaptable to mass appraisal and consistent with the definition of fair market value unless otherwise specified by law.

HIGHEST AND BEST USE: "Highest and best use is the reasonably probably and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value." *The Appraisal of Real Estate*, 4th ed., The Appraisal Institute, p. 305. The highest and best use of a property may change over time if the character of the neighborhood changes creating demand for a different use. If there is no evidence of such a change, the current use is considered the highest and best use. The County is required to value property at its highest and best use. See *Cashatt v. Board of County Commissioners*, 23 Kan.App.2d 532, 933 P.2d 167 (1997). 1992 USPAP Departure Rule is invoked for Standard 6-2(h) and (i), 1992 USPAP Standard 6-2(b) limiting condition identified.

SUMMARY: The subject property was valued after considering its characteristics, location, and highest and best use; the usability and adaptability of the cost, sales comparison, and income approaches to value; the quality and quantity of data obtained for valuation purposes; and the requirements of K.S.A. 79-503a.

VALUATION AND APPEAL HISTORY

Year	Appealed	Level	Action	Original Value	Final Value
2009	Yes	AB26	Value Adjusted – A	1701 \$3,069 2002 \$51,000 <u>3301 \$345,000</u> \$399,069	1701 \$3,069 2002 \$51,000 <u>3301 \$314,631</u> \$368,700
2009	Yes	CTAB	No change – N	1701 \$3,069 2002 \$51,000 <u>3301 \$314,631</u> \$368,700	1701 \$3,069 2002 \$51,000 <u>3301 \$314,631</u> \$368,700
2009	Yes	STAB		1701 \$3,069 2002 \$51,000 <u>3301 \$314,631</u> \$368,700	
2006	No				1701 \$185 2002 \$17,800 <u>3301 \$211,590</u> \$229,575

Parcel ID: 10-274-22-2-01-01-0002
Assessment Code: 000327300

Location / DBA:

Owner Name and Mailing Address
THOMAS STEVEN L & MONICA S
PO BOX 1369
RED LODGE MT 59068-1369

Property Status Address
1284 HIGHWAY 72 N
BELFRY, MT 59008

Legal Description
S20 T24 S R21 E 166 PARCE TR 2 COS 1815
INCLUDES TR 1 COS 1815 (MT)

General Property Information
None:
Living Units: 1
Zoning: R1
Property Type: R1-Residential Rural
Levy Dist: 10-274-22-2
County: 10-0002
Ownership %:
Linked Property:
Link Type:
Link Type:
Condo Ownership:
General: Limited:

Property Factors
Topography: 9-Ag/Forest Land
Utilities: 9-Gas
Access: 1-Undrained / None
Location: 2-Bldg / 1rd
Frontage: 1-None
Parking Type:
Parking Quantity:
Parking Proximity:

Condo Value to be Allocated
General:
Land:
Impro:

Location / DBA:

Owner Name and Mailing Address

Property Status Address

Legal Description

General Property Information

Property Factors

Condo Value to be Allocated

General:

Land:

Impro:

Location / DBA:

Owner Name and Mailing Address

Property Status Address

Legal Description

General Property Information

Property Factors

Condo Value to be Allocated

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Impro:

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Property Status Address

Legal Description

General Property Information

Property Factors

Condo Value to be Allocated

General:

Land:

Impro:

Location / DBA:

Owner Name and Mailing Address

STATE OF MONTANA PROPERTY RECORD CARD

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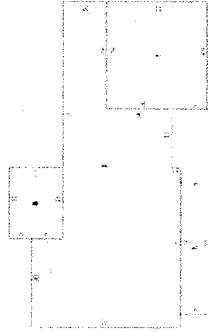
Parcel ID: 10-2274-22-2-C-01-C003

Class Code: 2301

Tax Year: 2012

DEVELOPMENT INFORMATION
 Residential Type: SFR
 Style: 08 - Conventional
 Grade: 8
 Year Built: 1997
 Effective Year: 1997
 Story Height: 1.5
 Attic Type: 0 - None
 Exterior Walls: 1 - Frame
 Ext. Wall Finish: 6 - Wood Siding or Sheathin
 Roof Type: 3 - Gable
 Roof Material: 10 - Asphalt Shingle
 Year Remodeled:
 Degree Remodeled:

No Photo Available



FOUNDATION INFORMATION
 Foundation: 2 - Concrete
 Basement Type: 3 - Full
 Daylight: N
 Finished Area:
 Quality:

BUILDING COMMENTS		AREA USED IN COST	
Basement:		Basement:	1,604
First Floor:		First Floor:	1,558
Second Floor:		Second Floor:	0
Additional Floors:		Additional Floors:	0
Hall Story:		Hall Story:	750
Attic:		Attic:	0
Unfinished Area:		Unfinished Area:	0
SFL:		SFL:	2,309

HEATING AND COOLING INFORMATION
 Type: Central/A/C
 Fuel Type: 3 - Gas
 System Type: 5 - Forced Air
 Heated Area:

SWIMMING POOL INFORMATION
 Bedrooms: 3
 Full Baths: 2
 Family Rooms: 1
 Addl. Features: 4

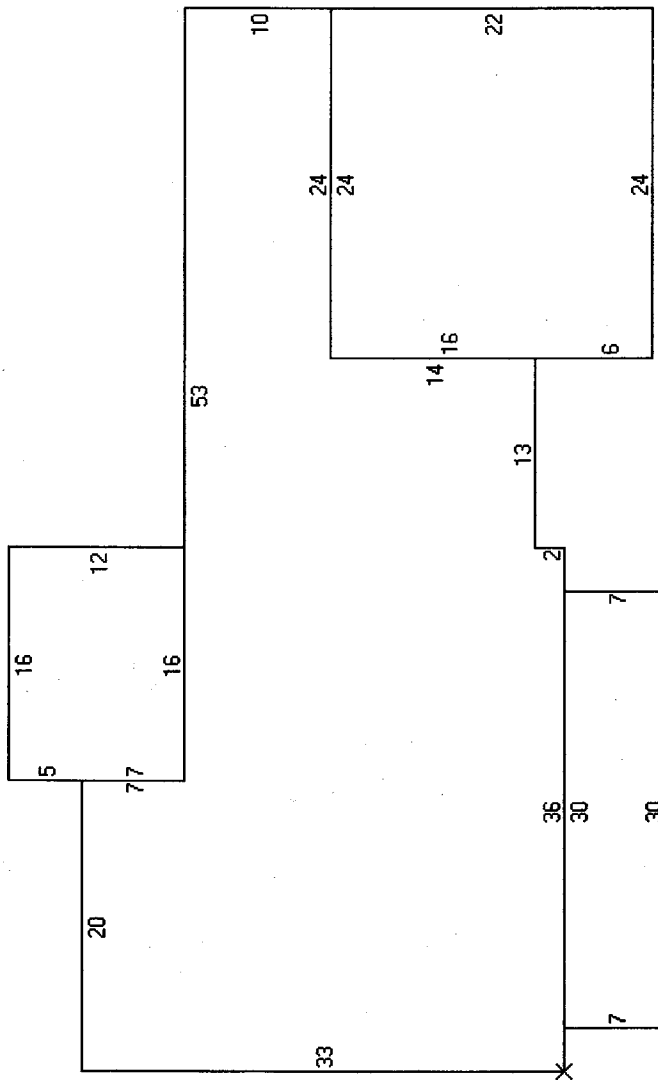
ADDITIONAL INFORMATION
 Finishes: Stacks:
 Stories: Openings:
 Prefab/Glove:
 Garage Cap.:
 Cost & Design:
 Description:
 Flat Adit:
 Description:

DEVELOPMENT COMMENTS

View:
 Access:

OTHER FEATURES
 4 EF

COST SUMMARY				DEPRECIATION INFORMATION			
Basement:	12,552	CDU:	Good (6)	Phys. Condition:	5 - Very Good		
First Floor:	118,732	Utility:	0	Disturbance:	0		
Second Floor:	0	Property:	0	Location:	0		
Additional Floors:	0	Subtotal:	110,755	Unfinished Area:	0		
Hall Story:	39,471	Heating:	7,481	Pumbing:	3,310		
Attic:	0	Additional:	22,211	Flat Value:	0		
Unfinished Area:	0	Other Feat. Total:	33,822	Subtotal:	271,821		
RCN:		Age:	11	Pct. Good:	0.90		
		RCNLD:	242,190				





Comparable Sales Report

For Property: 10-0274-02-2-01-01-0000

REL:11 MONTANA

Comp Sheet Format: Residential Montana

Market Area: CARBON COUNTY MODEL

Subject						
Geocode	10-0274-02-2-01-01-0000	10-0449-22-4-02-01-0000	10-0623-17-2-03-02-0000	10-0623-17-2-03-02-0000	10-0623-11-1-01-20-0000	10-0447-07-4-03-03-0000
Quick Ref ID	R1015825	R107655	R1020370	R1020370	R1020622	R1012573
Address	1284 HIGHWAY 72 N	96 E BRIDGER RD				279 CLEAR CREEK
Total Land Area - Acres	14.42	5.37	5.37	5.37	5.66	5.03
Neighborhood	003	003	003	003	003	003
DWELLING INFORMATION						
Year Built / Eff Year	1997/1997	1992/1995	1998/2000	1998/1998	1998/1996	2002/0
Style	08 - Conventional	04 - Modern	04 - Modern	04 - Modern	08 - Conventional	11 - Log
Story Hgt / Attic	1.5	1.5	1.5	1.5	1.5	1.5
Grade / CDU	6/GD	6/GD	5-A/G	5-A/GD	6/GD	6-A/GD
Bedrooms / Baths	3/2.5	3/2.0	2/2.0	2/2.0	3/2.0	3/2.0
Heating Type	Central/A/C	Central	Central	Central	Central/A/C	Central
Total Living Area	2,309	2,328	2,176	2,176	1,806	1,924
Basmt Area / Finished Area	1004.00	0/0	0/0	0/0	1152.0/600	599.0/0
Garage Att / Det	5290	729/0	0/952.0	0/952.0	0/0	0/896.0
Porch Oper / Enc	210/0	320	70/0	70/0	288/0	80/0
Deck	384	45			864	80
SALE AND VALUE INFORMATION						
Total Land Value	\$51,000	\$65,762	\$55,907	\$55,907	\$56,128	\$55,400
Total Building Value	\$258,465	\$328,108	\$210,469	\$210,469	\$247,524	\$319,083
Total Cost Value	\$309,465	\$393,868	\$266,276	\$266,276	\$303,650	\$374,483
Sale Date		8/3/2008	7/1/2007	11/1/2006	3/9/2006	7/26/2006
Sale Price		\$340,000	\$317,500	\$275,000	\$220,000	\$425,000
Sale Price / SF		\$146.05	\$145.91	\$126.38	\$121.82	\$220.69
Market Average	\$369,084	\$357,485	\$360,390	\$306,110	\$262,375	\$303,613
Adj Sale Price		\$351,588	\$326,164	\$337,974	\$306,709	\$450,471
Market Value	\$349,400					
Comparability		50	76	82	119	124
Excessive Adj or INC						

VALUATION INDICATION AND VALUE SELECTION STATEMENT

Year of Appraisal:	2009
Original Appraised Values:	2002 \$51,000
	3301 <u>\$317,770</u>
	\$368,700
Values Being Appealed:	2002 \$51,000
	3301 <u>\$317,770</u>
	\$368,700
Income Approach Estimate of Value:	\$0
Cost Approach Estimate of Value:	\$309,465
Comparable Sales Approach Estimate of Value:	\$368,700
Multiple Regression Analysis Estimate of Value:	\$371,600
County's Estimate of Value:	\$368,700

Value Selection Statement

The value from the Comparable Sales Approach was selected best estimate of market value.

FINAL VALUE METHOD TERMINOLOGY

There are six (6) Final Value Methods that a value can be chosen from. They are:

Comparable Sales Value- Value derived by comparing recently sold properties (comps) that are similar to the subject property, to the subject. Adjustments, derived from an analysis of the market, for characteristic differences between each comp and the subject are made. These adjusted sale prices are then correlated into a value indication for the property. The adjustments made should reflect the contributory value for each characteristic deemed to be appropriate to the subject's market.

Cost Total Value- Value derived by adding the land value to the estimated replacement cost new of each improvement, less the loss in value from all sources of obsolescence, and the depreciated value of any outbuildings or yard improvements.

Income Value- A value derived by using a Gross Revenue Multiplier (GRM) approach. GRM's are factors derived by dividing the Sales Price of similar rental properties by the actual monthly revenue at the time of sale. GRM's are then analyzed to determine a typical GRM that is appropriate for the property. This market GRM can be used to derive a value by multiplying the GRM by the market indicated monthly revenue for that property. A Gross Rent Monthly Multiplier (GRMM) can also be used, if deemed a more appropriate unit of comparison for the property being appraised. The GRMM is similar to the GRM method but uses gross monthly rent instead of gross monthly revenue in the calculation.

Multiple Regression Analysis (MRA) Value- Multiple Regression Analysis is a statistical valuation approach. It is an estimate of value based on regression models developed for delineated market areas, usually a neighborhood or group of neighborhood referred to as a model area. Multiple regression analysis allows for defining the relationship between property characteristics and sale prices. Property characteristics contributing to value are identified and the summed contributory value of each, as defined in the model, becomes the value from this approach.

Indexed Value- Prior year's final value trended by a factor derived from a statistical analysis of market trends affecting the property in a given market area.

Alternate Value- This is a value derived by other means. Examples are:

- A) **Weighted Estimate-** The weighted average of the adjusted sale prices of the comparable properties. A weighted average is a method of computing an average of a set of numbers in which some elements of the set carry more importance or weight than others. The adjusted sales are weighted by the degree of comparability numbers where the lowest weights are given the most weight in the calculation.
- B) **Sale Price or Adjusted Sale Price of the Subject.**
- C) **Adjusted Sale Price of the best comparable property.**
- D) **Value from a recent 'Fee Appraisal'.**
- E) **Previous year's value.**
- F) **Prior year hearing value.**

MASS APPRAISAL
ASSUMPTIONS AND LIMITING CONDITIONS

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. All existing liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management. The fee simple value of the property is mass appraised as of January 1 at its fair market value as defined by K.S.A. 79-503a.
3. All sketches, photographs and maps in this report are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
4. All information in this report has been obtained by members of the County Appraiser's staff through data collection and research, or through other sources deemed reliable.
5. This estimate of value for the property applies to land and improvements only. The value of trade fixtures, furnishings, and other equipment has not been included with the value of the real property. Subsurface rights (mineral and oil) were not considered.
6. The mass appraisal and supporting documentation was prepared exclusively for ad valorem tax purposes. Jurisdictional exception is invoked to 1992 Uniform Standards of Professional Appraisal Practice (USPAP) Standard 6-7 pursuant to K.S.A. 79-504.
7. As required by K.S.A. 79-1476, the property has been inspected, by exterior observation, to verify land and building data. Certain information, such as gross area, wall height, etc., may have been taken from plans or records maintained by other jurisdictions. It is not possible to observe conditions beneath the soil or hidden structural components within the improvements or within the interior thereof or detect the presence of hazardous materials. No representations are made as to these matters unless otherwise stated and the valuation estimate is predicated on the assumption that no hidden defects or hazards exist unless otherwise stated.
8. The County has met the requirements of the Kansas Property Valuation Division (Department of Revenue) Ratio Study for acceptable performance measures for all real property types. A copy of the ratio study is available for review at the Office of the County Appraiser.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved except that I am an employee of the County Appraiser's Office, and as such, I must abide by the office/division policies and procedures and direct and indirect instructions from my supervisors.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attachment of a stipulated result, or the occurrence of a subsequent event.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, Standard 6, jurisdictional exception invoked, and K.S.A. 79-503a and 79-504.
6. I have/have not made a personal inspection of the property that is the subject of this report.

County Representative